(v) Transport subsidy Scheme has been extended by 7 years upto 31.03.2007 and amount to be disbursed through the North-East Development Finance Corporation.

Besides these, NSIC is having a Regional Office and a Demonstration-cum-Training Centre at Guwahati to promote and support the SSI Units in Assam. It also supplies indigenous and imported machines under its hire-purchase and equipment leasing scheme, provides marketing support and raw material assistance, enlists small scale units for government supply, conducts training programmes etc. SIDBI is providing financial assistance for the establishment of small scale industries in Assam.

(b) Funds for the promotion of Small Scale Industries are not allocated State-wise.

(c) and (d) Setting up of Small Scale Industries is the role of private non-Governmental entrepreneurs. Government does not set up small scale industries.

Regulatory Authority for small scale industries

†134. SHRI KAPIL SIBAL:
SHRI RAJ MOHINDER SINGH:

Will the Minister of SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES be pleased to state:

(a) whether Indian Council of Small Scale Industries have submitted any memorandum to Government to set up a Regulatory

†Original notice of the Question was received in Hindi.

Authority for the solution of the problem of Small Scale Industries;

(b) if so, what are the major demands in the memorandum;

(c) whether Government have taken any decision after considering these demands; and

(d) if so, what decision has been taken and if no decision has been taken so far, the reasons for delay?

THE MINISTER OF STATE OF THE MINISTRY OF SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES (SHRIMATI VASUNDHARA RAJE): (a) and (b) Yes, Sir. The Indian Council of Small Scale Industries (ICSI) has submitted a memorandum which, inter-alia, suggests setting up of a Regulatory Authority/Commission to eliminate sickness in small scale industries (SSIs). The major demands in the memorandum are:— implementation of the Nayak Committee recommendations, feasibility of fixing separate targets for SSI, tiny and village industries, encouraging factoring services and availability of credit through hypothecation, allowing friends/relatives to finance SSIs, Reserve Bank of India (RBI) to advise the banks to adopt a specific time frame to clear loan applications, mechanism to easily liquidate non-viable sick units, setting up Sub-committees of State Level Inter Institutional Committee (SLIIC) to look into the specific individual cases of rehabilitation, setting up of Regulatory Authority/ Commission to eliminate sickness in industry and certain fiscal suggestions.

(c) and (d) The demands of ICSI were considered by the Government. (i) All the major recommendations of the Nayak

Committee have been accepted by the RBI and the banks have been advised to implement them. Periodical special studies conducted by the RBI have also revealed that the Committee's recommendations are being progressively implemented by the banks; (ii) Banks have been advised by the RBI that out of the funds made available to SSIs, 40% should be made available for the units with investments in plant and machinery upto Rs. 5.00 lakhs, 20% for units with investment betweem Rs.5.00 lakhs and Rs. 25.00 lakhs and remaining 40% for the other SSI units; (iii) Factoring services are already available through the Canara Bank and SBI. Credit on hypothecation is being provided by banks; (iv) There is no bar against borrowing money from friends and relatives of the promoters of the SSIs; (v) The RBI has issued guidelines to the banks that loan applications upto a credit limit of Rs. 25,000/- should be disposed of within a fortnight and those for over Rs. 25,000/- within 8 or 9 weeks; (vi) The system of one time settlement and compromised settlement exists for liquidation of dues of the non-viable sick units; (vii) under SLIIC, there exists a Sub-Committee at the State level to look into the vaibility and rehabilitation aspects of individual sick units, under the Chairmanship of Director (Industries) of the State. There also exists in each district a Sick Units Rehabilitation Committee headed by Deputy Commissioner/District Collector to look into the rehabilitation of sick units; (viii) Regarding setting up of a Regulatory Authority, the RBI has advised that it will be of little assistance in eliminating sickness in SSIs as sickness can be caused by various factors and it may not be possible to eliminate it altogether. The data on sickness compiled by the RBI upto March, 1998 shows that sickness has been coming down during the last three years and constant dialogue and interaction with the representatives of SSIs is going on. Constant efforts are being made to solve their problems.